

**U.S. House and Senate Notification**  
**Monday, August 2, 2010**

**To:** Congressional Health Staff

**From:** Amy Hall  
Director, Office of Legislation  
Centers for Medicare & Medicaid Services

**Re:** 2010 Medicare Trustees Report

The Medicare Board of Trustees today issued their annual report showing that the financial outlook for the Medicare Trust Funds has substantially improved as a result of the Affordable Care Act. The Trustees report that Medicare's Hospital Insurance (HI) Trust Fund is now projected to remain solvent until 2029, which is 12 years longer than reported last year. In addition, the HI long-range actuarial deficit has been reduced to 0.66 percent of taxable payroll, which is one-sixth of its projected amount prior to the Affordable Care Act.

Projected costs for Part B in the Supplementary Medical Insurance (SMI) Trust Fund are also much lower as a result of the Affordable Care Act. Part B spending currently approximates 1.5 percent of Gross Domestic Product (GDP). Last year's Trustees report projected that spending would increase to 4.5 percent by the end of the 75 year projection period. However, it is now projected to reach only 2.5 percent of GDP by the end of the Trustees' 75-year projection period. The Trustees state, however, that actual Part B costs are very likely to exceed the current law projections because Congress is expected to continue to override an existing provision in the Medicare law that would require substantial reductions in Medicare payments to physicians over the next 3 years.

Part D, the Medicare prescription drug program, is also in financial balance as a result of annual updating of enrollee premiums and federal payment rates. Projected costs are slightly lower overall than in last year's report, reflecting lower-than-expected costs in 2008-2009, which were partially offset by higher benefits from phasing out the coverage gap.

The Medicare Trustees report can be found at:  
<http://www.cms.hhs.gov/ReportsTrustFunds/downloads/tr2010.pdf>

The CMS Fact Sheet for the report is attached and can also be found at:  
[http://www.cms.gov/apps/media/fact\\_sheets.asp](http://www.cms.gov/apps/media/fact_sheets.asp)

If you have any questions about this notification, please contact the CMS Office of Legislation. Thank you.